Previous references. 1895-
~~191~~.
(Sep Rev)

File No. 1895
Serial Nos. 1–6

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1–6

Map & ~~Part~~ B. for Aug·96

SUBJECT

Duty on and Retail price of arrack

---

from. The Excise Commr in Mysore

Dy No 2985/Ex 167. & No 1524/155 dd 5-10-95.

Submits for sanction proposals for the revision of the rates of still head duty and Retail price of arrack

2 From Mr L. Ricketts. D.O. dd 11-11-1895.

Requests to send 25 Printed Copies of the G. ~~E.~~ Excise Administration Report for distribution

GPB—4,000—1-7-11

D. O. ℔ 20-1-1896

Suggests that rates on arrack may remain as they are and that instructions may be issued to the Secy to publish necessary notices as soon as possible & encloses a letter from Mr Shaw to Mr Davy

4 From Mr. L. Ricketts

D. O. ℔ 24. 1. 1896

Encloses two statements of arrack Consumption (1) for the half year ended, (2) for 4 months ends to by Mr Shaw and states there is in both Cases increase

5 From Mr. Purnaiah (& the 2nd Councillor)

D. O. ℔ 1-2-1896

Requests that the arrack manufacturing notification shall appear early as the official year has increased.

... To The Resident in Mysore

D. O. letter ℔ 19-8-96

Makes certain suggestions and hopes for concurrence in the proposed enhancement of duty & retail prices of arrack

Indexed
B Hamantha Rao

Office note dated 2 November 95-

Subject:- Revision of Rates of Still-Head Duty and retail price of Country arrack-

Reference:- Ex Comm's No 1524-156-B/5-10-95

SECTION 2/R
FILE NO. B-96
SERIAL NO.

I- The Excise Commissioner makes the following proposals:-

(a) To revert to the old measure of 48 oz per gallon

(b) To raise the Duty from the present rate of Rs 4 to Rs 4-8-0

(c) To raise the retail price of liquor from Rs 5-5-0 to Rs 6/- per gallon

II The Negoor Govt is now following out, to a certain extent, the Madras System, by selling the Retail Shops as "Groups of Shops" instead of as separate Shops. All that is required is to follow out the Madras System in its entirety. This is simple in the extreme and is briefly set forth, below:-

(a) The Duty is fixed by Govt.

(b) The price the Shop-Keepers to pay for his liquor is fixed.

(c) Govt puts the Shops up to public competition, and the amount so derived is the "Rental" or license fee paid for the right to Vend.

(d) The Farmer fixes his own

price for the liquor, as the trader in any other commodity in the Market is allowed to do. not only in Madras but all over the world.

III. The following table gives the practical outcome of the foregoing policy in the Madras Presidency compared with the results derived in the Mysore State in terms of 20 U.P.

Places	Duty at 20 U.P.			Rental			Total Excise		
Madras Town	3	12	.	1	11	3	5	7	3
Nilgherry (Ooty)	4	.	.	1	11	3	5	11	3
Bellary	3	8	.	1	8	9	5	0	9
Tinnavelly	3	.	.	3	1	10	6	1	10
Coimbatore	3	.	.	1	15	3	4	15	3
Madura	3	.	.	2	2	5	5	2	5
Average of above 6 places	3	6	0	2	0	0	5	6	0
Mysore State	4	.	.	0	6	3	4	6	3

IV Let the Mysore State adopt the Madras Policy in its best points as indicated below:-

(a) The Mysore Duty is fixed, uniformly all over the Province at Rs 4/- It is as high as it probably can be raised, directly by the Mysore Government, & is preferable to the varying rates in force not only in the Madras Presidency, but in other parts of H. M. dominions in India

(b) The Price of the liquor is fixed in Madras & it is so also in Mysore. The rate here is 10½ annas till June 1896

(d) The shops are put up to public competition in Madras, so are they also in Mysore.

(e) The retail price is fixed in Mysore @ 5/5/- per Gallon, of 20 U.P.; but, to give the Farmer elbow room to bid and draw out the Maximum amount possible as "Rental" or License Fee, while leaving the purchaser quite free to make up what he pays the Govt. therefor & to cover his own costs & profits, he should, as in Madras, be allowed full freedom, to settle the selling price of the liquor to the Public, as is done for any other commodity. The Retail price of Rs 5/5/0 in Mysore should therefore be abrogated & left, to free trade, to settle, with the Public. By adopting the Madras Policy the following average rates will be brought out with the financial results indicated.

Excise Duty Rental			City & Civil Station				Rest of the Province				
Present	5	0	99,605	~~5,77,830~~ 4,68,025	0	0	3,96,723	~~23,80,328~~ 19,83,615			
	4	6	3 do.	4,37,328			— do. —	17,41,861			
Difference in favour of adopting the Madras Policy				~~1,60,302~~ 60,697				~~1,38,477~~ 1,98,779			241,754 + 60,697 = 302,451

V The foregoing is a simple plan to that ~~adopt~~ advocated by the

Excise commᵗ and will obviate:-

(a) The retrograde step, involving in going back to 48 ozs per gallon, which is always an inconvenient arrangement, & such a course will moreover necessitate a reference, by the Resident, to the Govt of India.

(b) A direct enhancement, of duty proper, which is as high as it can well be raised to, in the Mysore State! (See Madras policy for French Frontiers - Para 48 last sentence Report for 94/5 Page 12 The Mysore State will be swamped with if Madras steps - if we raise duty - 6/11/96 J.B.)

(C) The vexatious restriction of fixing (I) rate of Profit & (II) the price of liquor & asking the Farmer to give out of the limited sum of 10% annas, allowed him on the one hand by Govt for costs & profits, 5 to 6 annas, or more, & in some cases the whole 10% annas, and over that sum too, will be removed, and the means afforded, as in Madras, to fix a price for his own property & recoup himself for costs & profits & the Rental he pays to Govt for the right to Vend. A great grievance the Farmer has now to contend with, will thus be removed.

(d) The Consumption will be increased at once by 6¼ per cent by going back to the old measure of 48 ozs to a gallon.

VI By adopting the Madras Policy, the Mysore State will start on a well matured & eminently successful mode of getting as in Madras, the Maximum Revenue for Excise under Arrack, with a minimum consumption, and this too

without disturbing existing arrangements in the Mysore Province, except on the just & equitable step of cancelling the fixed Retail Price of the liquor to the Public, rendered imperatively necessary by selling the shops, instead of receiving the License Fee on fixed scales, as was done before. The practical outcome will be a prospective rise of Rs ~~7,98,779~~ 3,02,451/- against a probable sum of Rs 2,47,951/14/- secured under the Excise Commissioner's proposals coupled with the inconveniences &c appearing on the face thereof.

(Vide para 7 of Mr. Richetts' Letter)

310, 405

Orders are solicited

I have the honour to be
Sir
Your most obedient
humble Servant

Subject. Revision of the rates of Still Head Duty & Retail Price of Arrack.

Reference. Excise Journal letter No 1524/155 of 5th October 1955.

Present Rates.

Still Head Duty per gallon	Rs - as. -	R
Price payable to the Manufacturer	4 - " - "	
	" - 10 - 6	
Total Rs	4 - 10 - 6	
Retail Price (5 drams of 150 minims each at " - 1 - 8 per dram)	5 - 5 - "	
Difference	" - 10 - 6	

of which about " - 6 - 3 comes back to Govt in the shape of rental leasing & the Vendor a net profit of " - 4 - per gallon.

Rates proposed by the Excise Commr

Still Head Duty	4 - 8 -
Price (Probably same as now)	" - 10 - 6

16 oz × 48 = 768 m / 57 = 13 5/57

Retail Price 6 — " — " (48 Drams of 1600 minims each at 2 as a dram).
Difference " — 13 — 6
of which between " — 8 — 3 and " — 9 — 3 may be expected to come back to you in the shape of shop rental, leaving the Vendor a net profit of between " — 5 — 3 and " — 4 — 3 per gallon.

Before June 189 each gallon used to be divided into 48 Drams of 1600 minims each. The Dram measure has since been reduced to 1500 minims. Each gallon now contains of 57 Drams instead of 48. The price per Dram of 1500 minims being " — 1 — 8, the price per Dram of 1600 minims would be " — 1 — 9 1/4. The Excise Comm proposes that the Capacity of the Dram each Vendor is to 1600 minims & that the price per Dram be raised to 2 annas.

Dram measure

The increase is really 2 3/4 miles only the alignment is 4 miles. Mr Nicketts is of opinion that this is not much, considering the recent rise in the wages of labour.

Result of the Excise (onus) proposal

(Recalculation)

Sp. Duty 57th & Drawback remains as before, viz

Non Duty 100,000.

Substituted Platform Duty

100,000

Duty 40,000
Extra Excise Duty

This would probably result in an increase of revenue as follows:

Ceylon Station

100,000 Gallons at 8 annas
increase of Duty 4 annas increase of rental
= 62,000 odd Rs.

The rest of the Province

4,000,000 Gallons at little
= 2,50,000 Rs.

General Remarks

The President did not quite endorse of the Warkari proposal to reduce the rental drawn measure. The reduction was however recommended under special circumstances and was sanctioned by the Board of Revenue as an extra

measure. Mr Ricketts thinks that the time has arrived for restoring the original capacity of the dram and for raising the retail price to 2 annas. He considers that there should then be a slight falling off of revenue which the anticipated increase in the number would be due for gratification and not for regret.

The restoration will simply give a consumer more to drink, which it is more desirable in principle to reduce to the smallest he consumes. The reduced dram is now accepted by the drinking public and therefore may be left undisturbed

23/1/96

Mr Macdonell thinks it necessary either to raise the duty or to reduce the old dram measure. He is in favor of allowing the Vendors to put retail price on the liquor sold by him. He expects that this would result in an increase of revenue to an extent

A second alternative

Raise the duty on special tractions in Kolar Gold Fields Bangalore City Mysore City. Other places if deemed advisable hereafter.

Retain the duty of 4 Rs. elsewhere in the Province.

Do away with the fixed retail price of liquor and

as in all India, let
the Vendors sell as much
at the rates they can get.
This is fair enough.
My dear Sir, there be two fixed
retail price in Mysore
alone, while else in all
the places, there is no
such fixed price?
Printing is more a
business than necessity
and fixing them. Uniform
prices is a good principle
drinking is even on the
A third alternative

---

is increase, and we
cannot help this
Submit to the Durbar
23-1-96

more than equivalent
to the ten annas per
gallon which the
Excise hopes to realise
if this proposal were
sanctioned. Mr Mac
Donell's proposal
involves a radical
change in our system
and seems undesirable
for more reasons
than one.

2. A further reduction of the drams early about 100 minims. So long as the price remains as it is, this small reduction in quantity is not likely to be felt by the consumer. They would much prefer paying better than paying the same amount for almost intolerable additional quantity, and fetching the price per dram as high as two

2- it is certainly preferable
to permitting the Vendor
to put his own price
on the liquor.

The drams issued
hereafter consist of
about 14 000 Minims
instead of 1500. This
would give 55 drams
per gallon instead of
57. The present retail
price of 11 — 1 — 8 per
dram may be retained
The Vendor would
then get Rs 5 - 11 - 8 per
gallon instead of
Rs 5 - 5 - .. being an
increase of annas 6 - 8
6 annas may be
put on as an addition
to the present still
head duty of Rs 4 - .. —
& would leave the
balance of 8 annas &
the Vendor to as a
provide for a possible
rise in the price of
& the manufacture.
If however the latter should
remain the same

48 × 1600 = 268 oz
535
= 1396 4/11

at present or if it should be further reduced, a corresponding increase of rental may, not unreasonably, be expected. This need not however enter into our calculation at present. The result would probably be an increase as follows

Cycle Station

10,000 gallons at 6 as
= 37,500 Rs

Rest of the Province

4 00,000 gallons at 3 as
= 1,50,000 Rs.

Conclusion. The early strengthening of the executive and detective establishments and the improvement of their pay & prospects, seem necessary. The adoption of any one of the 3

alterations mentioned above might probably enable this being carried out at an early date. There is also the possibility of a check being placed upon the increase of consumption which has for some time past been steadily going on.

A reference to the Residency with a view to the sanction of the Govt of India being obtained, is necessary.

If, as recommended by Mr Ricketts, the proposal is to be given effect to prior to 1st July 96, the written consent of the present manufacturing contractors should be obtained. Such a consent may

not be absolutely necessary but it seems advisable to present to us to avoid future difficulties.

Pending letters for the manufacture of arrack prompt July 97 have to be informed of the adoption of one of the 3 alternatives in question - A notice pending letters cannot therefore be issued until the matter is finally settled.

(comparison with Madras & Bombay.

In the Trichinopoly District of the Madras Presidency the retail price of arrack is 20° under proof as follows:

Cudalore - 6 - 11 - 5
Trivadi - 6 - 2 - 5
Bellary - 6 - 11 - 2

15

Northcote -	6	11	4
Coimbatore -	6	8	6.
Wellesley -	6	14	9.
Salem —	5	8	11

It will be seen that Salem is the only District from which trouble may be apprehended. But such trouble can be easily prevented.

Mr Bartlett has ascertained that in the Frontier Districts of the Bombay Presidency, a dram of arrack 25° under proof sells at 2 annas. Reduced to 20° under proof, the price per dram is $2\frac{2}{15}$ annas.

E Elliot Rees

5/1/96

Sealed & 3 Councillors

9.

5-1-96

16

To

The Resident in Mysore

Sir,

I have the honor to state that the Durbar proposes to revise with effect from 1st July 1897 the Salt head duty on arrack as well as the retail price of that article, as detailed in the Memorandum herewith forwarded.

2. Under the circumstances set forth in the Memorandum, I am to request the favor of being informed whether the revised rates would be acceptable in respect of the Civil and Military Station and whether they may be inserted in the Notification inviting tenders for the new contract to be shortly published by the Durbar.

3. The Durbar have given

the subject their answers con-
-sideration and are satis-
-fied as to the desirability
of putting such a price
on the article as would
~~[illegible]~~, to some extent at least,
check the tendency to-
increased consumption
which has been going on
steadily year after year
in spite of the slight
increase of price came
-homed in the year 1892.
The termination of Messrs
Barry Bros' contract on
30th June 1897 affords a
fitting opportunity for
carrying out the change
which the Board have
had under consideration
for some time past-
ment which could not be
introduced earlier owing
to an objection on the
part of the present manu
-facturers based upon
an apprehension that an
increase of the retail price
might be prejudicially affect-
their interests. The argu-
-ments in favour of revision
in the direction pointed out in the memorandum
already as much by the Civil &
Ecclesiastical Station as by
the Clydesdale Branch, and

I venture to express the hope that the proposed new rate will be received with favour by yourself and the Govt of India.

I have &c.

Dewan

The customs duty under the Indian Tariff Act VIII of 1894, is Rs 6 per Gallon of Spirit of the Strength of London Proof.

This gives Rs 4-12-9 3/5 per Gallon of 20 U.P.

If we charge a duty of Rs 4-12-- on every Gallon of our arrack 20 U.P, we will be charging Rs 5-15-- on Proof, which is amount up than the Customs duty.

Present Duty 4--0
Price of arrack --10-6.
-factice.

Margin of profit & Risk which should be arrived at by the Head of the Excise Department

--10-6

5--5--0

5/1 Drawback --1-8

Proposed.

Rent 4 — 12 — "
Price (Mortgage) " — 11 — "
Marqui - " — 15 — "
(of which
about-8as
should not
come back as
rental, leaving
the Vendor a
net profit of
only a little
over 4as as at
present)

6 - 6 - 4

5 / Years at 2as - 6 - 6 — "

GOVERNMENT OF MYSORE

Memo.

In Mysore, the retail price per dram of 1500 minims of Arrack 20° U. P. was fixed at 0-1-8, with effect from 1st June 1889. The same rate was adopted for the Civil and Military Station with effect from the same date with the sanction of the Government of India, communicated to the Durbar in the Assistant Resident's letter No 1038/2238 dated 26th March 188,

1889. This rate re-
-mains unaltered up
to date, though wages
have considerably risen
within the past 7
years. The consump-
-tion has gone on
steadily increasing,
notwithstanding the
increase of the retail
price from Rs: 5
to Rs: 5-5-0 per
gallon, ordered in 1889.
In Mysore, the quan-
tity of consumption
in 1894-95 was
426,572 gallons,
against 301,715 in
1889-90, while in the
Civil and Military
Station it was 100,625
gallons, against
72,869. It is time

The quantities in consumption 1889/90 & 1894/95 as compared below

C & M ...
Bangalore Fords ...
Kolar fields ...
Mysore City
Remainder of the Province

that we made a further attempt to keep down this tendency to increased consumption, by a further increase of the retail price. It is accordingly proposed to raise it from 0-1-8 to 2 annas per dram of 1500 minims, or, from Rs: 5. 5. 0 to Rs: 6. 6. 0 per gallon. No intermediate rate is feasible.

With the increase of the retail price, the Still head duty has also to be raised. The present duty is 4 Rs: a gallon. The Vend farmer pays this

It is desirable that we all intents to take advantage of the expiry on 30 June 93 of the present manufacture Contract with Messrs Parry & Co. to introduce a still further

As we have to avoid the fractions of a Pie in the price of $\frac{3}{4}$, $\frac{1}{2}$ $2\frac{1}{4}$ drams. Nor is such an intermediate rate necessary, as with the prevailing rates of wages at the chief centers of Consumption, a price of 2 annas per dram is by no means too large for the Consuming public.

in addition to Annas
10½ being the price
of the manufactured article
Against the total of
Rs: 4. 10. 6
which he thus pays,
he realizes Rs: 5. 5. 0
by sale of 51 drams
at 0. 1. 8 per dram-
His margin of pro-
-fit is thus 0-10-6,
of which ~~about 6~~
a fraction revenue is realized
Annas ~~comes back~~ by
the Government in
the shape of Shop
rental, ~~leaving him~~
a net profit of
about 4½ Annas -

This is not quite correct. Gave credit for excess Sealing Bangalore qts Mysore qts Kolar qts Rest of the year -

By selling each
dram at 2 Annas
hereafter, the Vend
farmer will realize
Rs: 6. 6. 0 on every
gallon of Arrack.
The margin now
allowed,

By raising the Duty to Rs 4-12-0 and by assuming the price to be 11 annas after deducting the next manufacturer contract the margin of profit & the Vendor will be

£ R A R A
6. 6½ – (4-12-0 + 0.11.6)

or 15 annas per gallon, as at present margin of 10½ annas -

allowed to him being very small, it is proposed to raise it from Annas 10½ to Annas 15, out of which about 10 Annas may be expected to come back to Government as Shop rental. Deducting this margin of 15 Annas from the retail price of Rs: 6. 6. 0, there remains Rs: 5. 7. of which about 11 Annas may be taken to be the price of manufacture - Messrs Parry and Co's' Contract terminates on 30th June 1897. Should

Out of this increased margin of profit of 15 annas per Gallon

As experience shows that the Vendor ordinarily is satisfied with a net profit of between 4½d & 5 annas per Gallon) - At any rate, Competition will keep his net profit at a low level.

there be a slight fall
in the price payable
to the Manufacturer
under the next contract
the difference between
the 11 annas allowed
as above, and the
reduced actual price
payable by the Vend.
former might be
expected to come
back to Government
by way of an in-
-creased Vend rental -
Similarly, should
there be a slight rise
in the price of Ma-
nufacture, the excess
payable by the Vend
former might reduce
the Shop rental to a
corresponding extent -
Allowing then 11 annas
as the probable —

Though for the above
Estt. 11 annas per
Gallon is assumed
as the Cost of Manufacture
but the rate could of course
be settled only by the
next Contract from
1st July 97 for which
arrangements have to
be made as quickly as
possible - The present
price of 10½ annas
is very reasonable & there
is no good reason to apprehend
any material Variation.

For Convenience of reference the present & proposed rates are Compared below :—

		Present	Proposed
Duty	Per gallon Proof.	5. 0. 0	5. 15. 0
	Per gallon 20° UP	4 5. 0	4 6. 0 4. 12. 6
Per gallon 20° UP	Cost ~~Price~~ of manufacture ~~per gallon 20° UP~~	0. 10. 6	0. 11. 0 — Est.
		5. 15. 0	7. 1. 0
	Retail Price per gallon ~~20° UP~~	5. 5. 0	6. 6. 0
	Rental - Average ~~per~~ gallon ~~20° UP~~	0. 6. 0	0. 10. 0 ?
	Vendors margin of profit	0. 4. 6	0. 5. 0

wholesale price, there remains Rs: 4. 12. 0 which is proposed to be levied as Still-head duty from 1st July 1897. The Customs duty under the Indian Tariff Act VIII of 1894 is Rs: 6 per gallon of imported Spirit of the strength of London Proof. This gives nearly Rs: 4. 13. 0 per gallon of Spirit 20° under Proof. The present proposal is to charge about an anna less and seems quite reasonable.

The increase of the retail price by 4 pies per dram is not likely to be felt by consumers in such

large places as the Bangalore City and Civil and Military Station and the Kolar Gold Fields or in the Coffee Talukes - The increase may possibly affect the consumption elsewhere to a small extent - This is not an undesirable result, and as decrease of Revenue in stuff due to this cause on the outlying Districts will be ~~be Compen~~ trifling Compared with the increased Revenue from the Entire System.

Roughly speaking the financial result of the change ~~of the increase~~ will be as follows:-

	Rs:	
Civil & Military Station.		
100,000 gallons at 12 annas.	75,000	
Mysore.		
400,000 gallons at 12 annas.	300000	

Enter as fuller Statement shows Excise, Customs, Salt, Opium & Provincial Rev per Each tract, from duty & Rental.

The anticipated additional revenue from Shop-rental is

is an uncertain item which need not be taken into account. If it does accrue, it may be set off against a possible decrease of consumption. We may even go further and be prepared for a diminution of consumption by about 10 to 15 per cent, which means a loss of between 50,000 and 75,000 Rs. for the Civil and Military Station, and of between 2 and 3 lacs of Rs: for the Mysore Durbar. This loss would be fully made good by the income from duty at the enhanced rate-

There need be no apprehension that the increase of the retail price might lead to Arrack being smuggled into the Civil and Military Station or into the rest of the Province from outside. Attack of the strength of 20° U. P. is not generally sold elsewhere; and even where sold, the price charged for it, is not such as to tempt its clandestine importation into Bangalore or Mysore. Our people, who have long been accustomed to 20° U. P., will not take kindly to weaker stuff, and even the price charged for the

latter is not tempting.

The Resident has to be addressed on the subject of the introduction of the increased rates of duty and retail price into the Civil ~~and Military Station.~~

Tenders for the next contract have to be invited at an early date - Before doing so, the question of raising the rates has to be finally settled, in Comm^n with the Resident as regards the C & M. Station

Memo.

In August the retail price per Dram of 1500 minims of acetic acid 20 per cent was fixed at 11 – 1 – 8 with effect from 1st June 89.

Yesterday, the retailers of Cape Town have risen within considerably increased. the last 7 years. The consumption of this article has increased very largely during that period. Whether the present price has had any effect in restricting the consumption or not, it is impossible to say, but it is certain that the increase in consumption per dram of 1500 minims - or from 2½ to 6 - 6 - has been very considerable.

With the increase of the retail price, the duty has also increased. The present duty is 4 Mk a gallon. The Vend for the year ending 30th June 89 was 426,572 gallons. This is an addition of 10½ per cent over the previous year - 1888 - 89. The quantity consumption in 1894/95 was 4 - 10 - 6 per cent over the

The same rate was adopted for the Cape Station with effect from the same date with the exception of the Head-Quarters Station where the retail price remains unaltered up to date

Vend

Thus, he realises
Rs 5-5-- by sale
of 57 drams at 1-1-8 per
dram - His margin of
profit is thus 1-10-6
of which about 6 annas
comes back to Govt in
the shape of shop
rental, leaving him
a net profit of about
4 1/2 annas.

By selling each
dram at 2 annas less,
the Vend former will
realise Rs 6-6-- on
every gallon of arrack.
The margin now allowed to him
being very small, it is
proposed to raise it
four annas 10 1/2
annas is out of which
about 8 annas may
be expected to come
back to Govt as
shop rental. Deducting
this margin of 15 as
from the selling price
of Rs 6-6--, there
remains Rs 5-7--

against 3,01,715-
in 1899-90, while
in the 2 cases
station it was
100,625 gallons
against 92,869.
It is time that
we made
further attempts
to keep down
this tendency
unrecognised con
sumption, by
a further
increase in
the retail
price.

about
of which ~~the lessee~~ 1/2
~~and~~ 11 annas may
be taken to be the
price of manufac-
ture - the per Acre
of Ver contract terminates
on 30th June 197. It is
~~impossible that the next~~
~~contract might be~~
~~slightly more favorable~~
~~or less favorable than~~
~~the present one. If~~
~~the former case~~, the
difference between
the 11 annas allowed
as abkari and the
reduced rental
price ~~which the~~ payable by the
Ved farmer ~~to the~~
~~Govt~~ of Jind, might
be expected to ~~be~~ Govt
~~keep by~~ Govt by
way of an increased
Ved rental. Similarly
~~the~~ charged there would be a rise
~~in the Excise~~ in the price of manufacture
~~the Excise~~ payable by
the Ved farmer might
~~effect~~ reduce the abkari rental

I should think the full
abkari payable by
the price of manu-
facturer under
the new contract

the corresponding
extent. Allowing then,
11 annas as the probable
wholesale price, there
remains Rs 4 — 12 —
which is proposed to be levied
~~the~~ as excise duty
from 1st July 1897. The
customs duty under
the Indian Tariff Act
VIII of 1894 is Rs 6 per
gallon of the spirit
of the strength of London
Proof. This gives nearly
4 — 13 — per gallon of
spirit 20 Under Proof.
The present proposal is
to charge about an annas
less, & seems quite
reasonable.

The increase of the
retail price by 4 pies
per dram is not likely
to be felt by consumers in
such large centres/classes
as Bangalore city & cantonment
the Kolar Gold Fields
or in the Coffee Districts.
The increase may
possibly affect the

consumption elsewhere
to a regulement.
~~on the Broome~~ - This
is not an undesirable
result -

Roughly speaking
the financial result
of the increase will
be as follows

Cable - Station

100,000 gallons @ } Rs.
12 annas — } 75,000

Luxor

4,00,000 gallons @ }
12 annas - } 3,00,000

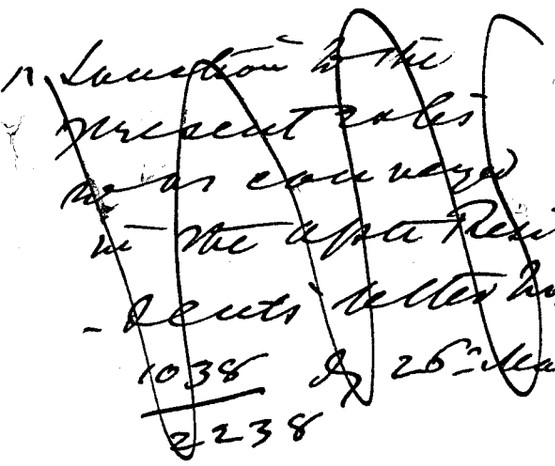
The anticipated
additional revenue from
shop rental in next
accounts year will
not therefore be taken
into account - If it
is realised it will be
a set off against
possible decrease
of consumption - We
may even go further
and be prepared for
a diminution of con-
- sumption by about

to 15
ten per cent, which
means a loss of Rs between
5 0 000 47500 Rupees for the
Cable-Station and
of between 2 & 3 lacs of Rupees
for the Mysore Durbar.
This loss would be
~~will be~~ made good by
the income from
duty at the enhanced
rate.

There need ~~—~~ no
apprehension that the increase of the Local Duties
would lead to
a drain of Currency
into the Cable Station
or into the receipts of the
Income from outside. Amount of the Charges of
20 M. R is not generally
raised elsewhere; & even
where raised, the Basis
changed for it — is not
such as to lead
to ~~clandestine~~ importation into
Bangalore or Mysore.
Our people who have long been accustomed to
Duty & would not take 20 M R
stuff, & even the Basis
changed for the Cables
is not to any thing.

The Resident has

(5 miles)



1. Question of the present rates was conveyed to the Upper Reis-Reuts' letter No. 1038 dt 26th March/89.
2238

to the addressees the subject of the introduction of the increased rates of duty & retail prices with the C.T.C.-Stations. Tenders for the remaining contract-house to be invited at an early date. Before coming to the question of raising the rates has to be finally settled. —

C.

Proof Spirit is defines by Act 50 Geo: III C. 28 to be :-

"Such as shall at the temperature of 51° Fahr. weigh exactly $\frac{12}{13}$ parts of an equal measure of distilled water. By careful experiment it has been found that this proof spirit contains 100 parts of alcohol and 103·09 of water by weight and 100 parts of alcohol and 81·82 parts water by measure and that its specific gravity at 60° Fahr. is ·919 - Use :- Character, Colourless, transparent mobile, and inflamable with a peculiar odour, and agreeable odour and a hot taste -

Indian Tariff Act, No. VIII of 1894.

Schedule III — (Import Tariff)

Liquors &c

	Names of Articles.	per	Rate of duty
1	Liquors —		
	Ale, beer and porter	Imperial gallon or six quart bottles.	Rs. as.
	Cider and other fermented liquors		" — 1
	Liqueurs	"	— 6 — "
	Spirit- intended to be used exclusively in arts and manufactures, or in Chemistry, and which has been rendered effectually and permanently unfit for human consumption	"	Five per cent ad valorem.
	Spirit- when used in drugs, medicines or chemicals in a proportion of less than twenty per cent. of spirit- of the strength of London proof. 80° U P		
	Spirit- when so used in a proportion of twenty per cent. and upwards.	Imperial gallon or six quart bottles of the strength of London proof.	Rs. 6 — " and the duty to be increased or reduced in proportion as the strength of the spirit- exceeds or is less than London proof.
	Spirit-, perfumed, in wood or in bottles..	Imperial gallon or six quart bottles.	Rs. 8 — "
	Spirit-, other sorts	Imperial gallon or six quart bottles of the strength of London proof.	6 — " and the duty to be increased or reduced in proportion as the strength of the spirit- exceeds or is less than London proof.
	Wines —		
	Champagne and all other sparkling wines not containing more than 42 per cent of proof Spirit-	Imperial gallon or six quart bottles.	Rs. as. 2 — 8
	Champagne and all other sparkling wines containing more than 42 per cent of proof spirit-	"	6 — "
	All other sorts of wines not containing more than 42 per cent of proof Spirit-	"	1 — "
	all other sorts of wines containing more than 42 per cent. of proof Spirit-	"	6 — "

MEMORANDUM

1. The current Arrack contract expires on the 31st March 1892. The financial results have been very satisfactory as will be seen from the figures shown on the margin, which indicate the revenue realized during each year of the contract and the increase in consumption.

	Gallons.	Revenue Rs.
1887—88 ...	245,057 ...	11,23,496
1888—89 ...	275,553 ...	12,32,241
1889—90 ...	396,186 ...	13,14,469
1890—91 ...	420,846 ...	13,96,720
1891—92 (up to end of November.) ...	297,068 ...	10,50,914

2. In arranging for the next contract, a few points call for consideration.

3. The rates of duty and cesses and the prices fixed for wholesale and retail vend under present arrangements are shown below:—

	City and Station of Bangalore and Town of Mysore.			Elsewhere in the Province.		
	Rs.	As.	P.	Rs.	As.	P.
Duty per gallon	3	5	0	3	5	0
Establishment Cess	0	1	0	0	3	2
On account of fees on licenses and extra sales	...	...	...	0	2	0
Government dues	3	6	0	3	10	2
Wholesale Price	4	7	10*	4	12	0
Retail Price	5	5	0	5	5	0

4. The collection of these rates as so many separate levies involves much needless complication in the accounts and it is therefore desirable to merge all these into duty proper.

5. The difference in the rates of duty and wholesale price as obtaining in the Civil and Military Station and the Town of Bangalore and as obtaining elsewhere in the Province was intended for giving relief to the retail vendors in the first named places who have to pay Municipal dues to the extent of † Re. 0—4—2 per gallon. But it is obvious that such a difference in the rates of duty is inconvenient and, I am of opinion, involves a needless sacrifice of the Excise revenue of the Bangalore Station and Town. The retail dealers in these places make very large sales and have very large profits. They can easily be required to pay a higher wholesale price without any undue retrenchment of their net profits, and such an increase will incidentally also secure the object of uniformity of duty throughout the State, as I shall show further on.

* The Retail Vendor in the Station and City of Bangalore and the Town of Mysore, in addition to this price, pays separately fees on licenses and extra sales, which amount on an average to 4 annas and 2 pies per gallon consumed.

† This is the average of Rs. 15—0—0 per month registration fee and 4 annas per gallon sold over and above 55 gallons in the month.

6. These retail vendors of the Station and Town of Bangalore are now allowed a margin of Re. 0—13—2 per gallon of liquor sold by them. They pay out of this a sum equivalent to 0—4—2 per gallon on account of registration fees and fees on extra sales due to the Municipalities and retain the balance of 9 annas per gallon as their profit. In this manner, on an average—

A retail seller in Civil and Military Station makes	Rs.	79	4	6	per	month,
Do Bangalore City	„	90	12	1		„
Do Mysore Town	„	58	5	6		„

These figures are obtained upon averages, but the profits of the individual vendors must be much more. For example, one vendor in the Civil and Military Station sells 3,280 gallons in a year or 273 gallons a month and, at the rate of 9 annas per gallon, (after paying Municipal dues amounting to Re. 0—4—2) makes an income of Rs. 153—9—0 a month. These retail dealers now get their liquor for a wholesale price of Rs. 4—7—10. They can well pay Rs. 4—12—0, and out of the difference between the price and the retail price of Rs. 5 - 5—0, *viz*, 9 annas, they can pay the Municipal dues amounting, on an average, to Re. 0—4—2, and retain for themselves a very good margin of profit. The majority of vendors in the Civil and Military Station sell more than 1,000 gallons a year and thus make large profits.

7. Outside the Station and the Town of Bangalore and the Mysore Town, I would increase the wholesale price from Rs. 4—12—0 to Rs. 4—14—0 per gallon, retaining the retail price at Rs. 5—5—0 as heretofore. This measure would take away an extra 2 annas per gallon from the profits of the retail sellers, but I am satisfied, upon a careful examination of their sales and profits, that it is due to Government that those outside the Bangalore Civil and Military Station and the Towns of Bangalore and Mysore should pay per gallon 2 annas more than they now do. As a matter of fact, retail vendors in places other than the Civil and Military Station and the Towns of Bangalore and Mysore *were* paying a duty of 2 annas per gallon formerly, but now they pay nothing. Their profit per gallon now is 9 annas. I would reduce it to 7 annas by raising the wholesale price to Rs. 4—14—0. These retail sellers can well bear this reduction.

8. In the case of the retail vendor within the Station and Town of Bangalore and the Mysore Town, the difference between the wholesale and retail prices should be 9 annas (not 7 annas as elsewhere), for, he has to pay municipal dues. But in order to secure uniformity, I would make his wholesale price also Rs. 4—14—0, but give him equivalent relief by reducing to 2 *annas a gallon* the present extra fee of 4 annas a gallon levied on all sales above 55 gallons a month, and by reimbursing the Municipality for the loss by actual payment from the Treasury. The fee on excess sales is not levied under the Municipal Regulations. It is levied under the Excise law and there is no legal obstacle in reducing it as suggested above. The Municipality will, as usual, get from the Retail Vendor the registration fee of Rs. 15 a month and on account of the income from the 4 annas fee on excess sales, it will get one-half, *i. e.*, to the extent of 2 annas a gallon, from the Retail Vendor and the other half by cash payment from the Treasury.

9. By the reduction of the 4 annas fee to 2 annas, the Retail Vendors will get the income shown below if the present number of shops is maintained:—

	Net income per month,
Civil and Military Station ...	Rs. 35—5—11
Bangalore City ...	Rs. 42—4— 9
Mysore Town ...	Rs. 24—4— 6

The sums payable by Government to the Municipalities would be—

	Per annum. Rs. As. P.
For the Civil and Military Station	Rs. 10-11-10 × 12 × 55=7,088-2-0
„ „ Bangalore City ...	Rs. 13--4--8 × 12 × 26=4,147-0-0
„ „ Mysore Town ...	Rs. 6-1--5 × 12 × 18=1,315-2-0

10. It will follow from the unification of the wholesale price on the above lines that the rate of duty will be the same in the Civil and Military Station of Bangalore and in the Towns of Bangalore and Mysore.

11. The next point for consideration is the manner in which tenders should be invited for the next contract, whether it shall be for a guaranteed amount for each year, *or* a guaranteed rate of duty. I am of opinion that a guarantee of minimum revenue is of no use whatever, as the revenue is made up of the duty on all issues from the Government Distillery and what it will amount to in each year is more or less a matter of speculation and one beyond a contractor's control. The best plan under the circumstances is to fix the wholesale price at Rs. 4—14—0 for reasons given above and the retail price at Rs. 5—5—0 as at present and to call for tenders for the highest rate of duty above Rs. 3—10—2 (the present rate). Under existing arrangements, the contractor pays to Government duties and cesses amounting to Rs. 3-10-2, while he sells his liquor to retail vendors at Rs. 4—12—0 and retains for himself Rs. 1—1—10 per gallon, as cost of manufacture and distribution, and profits. I am of opinion that, with the improved machinery of recent years and the larger resources of manufacturing firms, both Native and European, and the rapid increase in consumption observable of late years, the cost of manufacture, when left to competition, will become considerably less than under the present arrangements and the contractor will be able easily to pay a higher duty than Rs. 3—10—2. I have reasons to hope that competition will fix the duty for 20° U. P., at not less than Rs. 4—1—0, if the wholesale price be raised to Rs. 4—14—0 ; that is to say, a new contractor will gladly be content with 13 annas per gallon instead of Rs. 1—1—10 which the present contractor gets.

12. My proposals must bring a considerable additional revenue. Taking the case of the Civil and Military Station for example, suppose the highest bid for duty as fixed by competition to be Rs. 4—1—0 per gallon. The present rate of duty in force in the Civil and Military Station being Rs. 3—6—0 per gallon, the difference of 11 annas per gallon represents the additional revenue to the Civil and Military Station administration. The consumption in 1890-91 in the Civil and Military Station having been 93,722 gallons, the *additional* income would come to 93,722 × 11 annas= Rs. 64,433-14-0. Out of this additional income, Rs. 7,088-2-0 will have to be paid to the Municipality at 2 annas per gallon over 55 gallons sold in the month.

13. Under these circumstances, I propose that for the next contract—

(1) Tenders be invited for the highest *rate of duty* over and above Rs. 3—10—2 (the total of the present duty and cesses) for the whole Province, including the Civil and Military Station of Bangalore.

(2) That the wholesale price be fixed at Rs. 4-14-0 per gallon (the retail price of Rs. 5-5-0 remaining unaltered) for the whole Province, including the Civil and Military Station of Bangalore.

(3) That for giving relief to the Retail Vendors in the Civil and Military Station and the Cities of Bangalore and Mysore, the fee on excess sales levied in those places be reduced from 4 annas to 2 annas per gallon, an amount equivalent to the income from the remaining 2 annas being paid in cash to the Municipality from the Government Treasury.

14. The scheme as above compares as follows with the present system :—

	Under present system.				Under proposed scheme.			
	In the Station and Town of Bangalore and Mysore Town.		Throughout the remainder of the Province.		In the Station and Town of Bangalore and Mysore Town.		Throughout the remainder of the Province.	
	Rs. A. P.		Rs. A. P.		Rs. A. P.		Rs. A. P.	
I All Government dues including duty ...	3 6 0		3 10 2		...		...	
II Wholeasle price .	4 7 10		4 12 0		4 14 0		4 14 0	
III Retail price ...	5 5 0		5 5 0		5 5 0		5 5 0	

15. The difference between I and II above will be the Contractor's cost and profits. What that difference is to be will be settled by competition. It cannot, I believe, be more than 13 annas, but it may probably be less. The difference between II and III, *viz.*, annas 7 per gallon, will be the Retail Vendor's cost and profits. Out of this the Retail Vendor in the Station and Town of Bangalore and in Mysore Town will pay a Registration fee of Rs. 15, and a fee at 2 annas on sales above 55 gallons.

16. On the foregoing lines, I have prepared a draft Notification which is appended to this Memorandum and marked No. I. The detailed instructions as regards the manner of manufacture, &c., which used to encumber former notifications of a similar nature have now been omitted. They will be separately published as a set of rules for the guidance of the Contractor and the officers of Government concerned.

17. I have had under consideration another and an alternative scheme. I have, for some time past, entertained the opinion that the present system of inviting tenders for *both* manufacture and wholesale vend together must necessarily work to the prejudice of the Excise Revenue. Manufacture and distribution are things essentially different in their nature, and the capital and resources and technical knowledge required for the one are very different from the local knowledge, &c., required for the other. The blending of these two into one contract necessarily takes away from the value of the contract. Persons or firms from outside the Province who will gladly undertake the work of *manufacture* to the advantage of the Excise Revenue may not, at the same time, be prepared to offer equally advantageous proposals when the work of distribution, which involves much local knowledge and some local influence, is blended with it. If the two were separated, the manufacturer, with his large resources and new appliances, would offer the most favorable rates for manufacturing and delivering arrack *at the Distillery.*

18. It seems further to be best to have only a manufacturer and a seller (that is, retail vendor) without an intermediary in the shape of a wholesale vendor. Under this scheme, tenders must be invited for the lowest rate at which the article will be manufactured and supplied. The rate of price agreed upon with the successful tenderer will be notified for general information, and the manufacturer will sell liquor *at the Distillery* to licensed vendors at the price agreed upon by him with Government. The Government duty will have to be fixed after the cost of manufacture becomes fixed by means of competition. Supposing such cost to be 10 or even 11 annas per gallon, we should be able, having regard to the cost of carriage, to fix the duty at Rs. 4 per gallon for the Districts of Bangalore, Kolar, Tumkur and Mysore, at Rs. 3-14-0 for the Districts of Hassan and Kadur, and at Rs. 3-12-0 for the Shimoga and Chitaldroog Districts. The retail price will continue at Rs. 5-5-0 per gallon or 0-1-8 per dram as heretofore. There will be no intermediate wholesale price.

19. The exclusive privilege of obtaining the liquor from the manufacturer and selling it to the public will be put up to public auction once a year. In the Civil and Military Station of Bangalore, and in the towns of Bangalore and Mysore and in special localities such as the Kolar Gold Fields, the "*Separate shop system*" will be introduced. Under this system, the number of retail shops required will be previously fixed, and the right to vend in each of such shops separately sold to the highest bidder. In other parts of the State, the "*Vend Rent System*" will be in force and the right to vend will be sold by circles of villages and in special cases by Taluks to the highest bidders by the Deputy Commissioners at their District head-quarters or other convenient places on such dates as may be fixed and duly notified by them. In each Taluk there may be 2 or 3 circles according to local circumstances.

20. The vendors must pay the price of the liquor to the manufacturer and the prescribed duty to Government, and sell the arrack at Rs. 5-5-0 per gallon. The result will be as follows. Taking, for the purpose of calculation, the price of arrack to be 10 annas a gallon, a vend-renter, say, of the Hassan District, has to pay per gallon annas 10 to the manufacturer, as the price of the liquor and Rs. 3-14-0 to Gov-

ernment as duty, total Rs. 4-8-0. He has further to bear the cost of carriage from Bangalore to Hassan which has been calculated to be 2 annas, and 4 pies per gallon, and including the cost of any wholesale Depôt (which he may find it necessary to maintain), which may be put down at 2 pies per gallon, the total cost incurred by the vend-renter would be in all Rs. 4-10-6 or, at the highest, Rs. 4-11-0. The retail price being Rs. 5-5-0 the balance (deducting costs as above) would be 10 annas per gallon which represents the profit of the vend-renter. The privilege of vending the article by retail and of obtaining the above profit is what will be put up to auction, and we expect competition will settle the amount of profits the renter or shop-keeper will be satisfied with and the balance he will pay the Government as price for the right to vend.

21. The shopkeepers under the "separate shop system" and the vend-renters of Taluks or Divisions of Taluks will buy arrack direct from the manufacturer upon cash payment of the price to him and upon payment of the Government duty into the Treasury. In very special cases, the Deputy Commissioner may, upon being fully satisfied of the necessity for granting the concession, and upon obtaining a bond and tangible security to the extent of three months' probable Government duty, permit the vend-renter to obtain liquor without prepayment of duty and grant an indent for the same on the Distiller who will thereupon supply the liquor required. The Deputy Commissioner should recover duty on the liquor so supplied at the end of the month in which it was supplied. Such special indents will not be issued in the case of shops under the "Shop system."

22. Vend-renters may establish wholesale Depôts and retail shops within their respective circles with the approval of the Deputy Commissioner and no shop or Depôt will be added or removed without such permission. The vend-renters and the retail shop-keepers appointed by them as also the vendors under the "separate shop system" will be granted, under the Excise Act, licenses with the terms of which they must comply.

23. The scheme above described commends itself for adoption for many reasons. It secures the manufacture of arrack at the least possible price, by bringing into competition large capitalists both in and out of the Province, possessing special technical knowledge of the business, while, on the other hand, it places the work of distribution and sale to the public in the hands of a number of other persons possessing special local knowledge and influence, who, in their own interests, will see that in their respective tracts, no illicit distillation takes place. It is feared that such distillation is carried on in some localities, especially in the Malnad, and no efforts of the Government inspecting machinery can so effectually put it down as the local knowledge and resources of a local vendor or renter. The Government revenue will, under the scheme, be enhanced by the higher rates of duty fixed and by the sums obtained from the sale by auction of the right of vend under the "Separate shop system" and the "Vend rent system" as above described. The proceeds of these sales will, I expect, be very considerable. I am strongly of opinion that this system will bring a far higher revenue than what is described in the first 16 paragraphs of this Memorandum. The present retail vendors will, in some cases, be ousted from their shops, but it is absurd to regard them as having a hereditary right to con-

tinue as arrack vendors. The sooner such notions are dispelled, the better will it be for the Excise Revenue, for there is no doubt that the so-called vested interests of these men who do not naturally feel they are bound to exert themselves to help in the suppression of illicit manufacture and sale, are a source of great impediment in the way of improving the Excise Revenue by all legitimate means.

24. A Notification calling for tenders for manufacture alone under the scheme above described is appended (marked No. II.)

K. SHESHADRI IYER,
Dewan.

19TH DECEMBER 1891.

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GOVERNMENT OF MYSORE

Bangalore

13/3/94

My dear Sir

Herewith I have the pleasure to enclose the Memo required by the Dewan as per your letter of 8th Instt

The Enclosure to your said letter is also returned

Yrs Sincly

Scudder

Memorandum

The grounds on which a uni-form rate of duty for arrack has been recommended for adoption both in Maidan and Malnad Talukas of the Province, are the following: ——

(1) The existing rates of duty are Rs 4/- for Maidan viz, the Bangalore, Kolar, Tumkur, Mysore and Chital-drug districts, and the talukas of Hole-Narsipur, Chennarayapatna and Arsikere in the Hassan District, and Rs 3-14-0 for Malnad, viz, the Kadur and Shimoga districts and the talukas of Hassan, Belur, Manja-rabad and Arkalgood in the Hassan District. Therefore the gross profits allowed to vend renters or farmers are: ——

Maidan

Per gallon of arrack

Retail price		Rs 6—5—0
Deduct: —		
Duty	4—0—0	4—10—6
Price	0—10—6	
Gross profit to farmer		Rs 0—10—6

Malnad

Per gallon of arrack

Retail Price		Rs 5—5—0
Deduct: —		
Duty	3—14—0	4—8—6
Price	0—10—6	
Gross profit to farmer		Rs 0—12—6

opened in the Bangalore District, except at the city of Bangalore where a Bonded Depôt has been opened on account of the "separate shop-keepers"; so that the vend renters or farmers of the defined circles in that District draw their supplies of liquor direct from the Distillery.

(3) For the remaining Districts, Bonded Depôts have been established not only in all the places where Wholesale Depôts formerly existed under the old "Wholesale Vend System", but also at Sringeri and Madhigeri for the convenience of the farmers.

(4) The expenses of the farmers in all the Districts, except the Bangalore District, are calculated on an average as follows:—

	Rs. as. Ps.
Cost of Establishment of Bonded Depôts including rent of Buildings	0-4-10
Stand Wastage	0-0-4
Cost of Establishment in shops	0-1-0
	0-2-2

Deducting annas 2 and pies 2, from the gross profits shown in clause (1), the remaining profits are annas 8 and pies

pies 4. for Maidan, and annas 10 and pies 4 for Malnad. 52

(5) The exclusive privilege of vending arrack by retail at Rs 5-5-0 per gallon, with the above profits, in each farm has been sold by public auction, and the results of the sales have determined the license fee, (rental) payable to Government for each farm. Deducting such rental from the above profits, we get the net profits with which each successful bidder was satisfied.

(6) The rate of duty for Malnad being Rs 3-14-0, the gross profits of the farmers therein, as above explained, are Rs 2-12-6 per gallon. The bidders at the auction sales, taking the above facts into consideration, bid accordingly. Thus the 2 annas which the Government lost in Malnad in the rate of duty, have been in fact recovered through the rental.

(7) As no Bonded Depôts exist in the Bangalore District, the farmers thereof have to bear the cost of carriage, Casks &c. But in the remaining Districts, Bonded Depôts have

have been opened within convenient distances from each farm. Under such circumstances, only the farmers of the Bangalore District seem to be entitled to any reduction in the rate of duty. It has further to be borne in mind that when the Wholesale Depôts under the old system, existed in the same localities as the Bonded Depôts are now situated, one uniform rate of duty viz Rs 3-5-0 per gallon was in force. As no extra cost is now thrown on the farmers on account of carriage in Malnad, no reduction in duty seems necessary. It would be more convenient to have one rate of duty for the whole Province as formerly. In consequence of the increase of 2 annas to the rate of duty proposed for Malnad, there would be only a proportionate reduction in the rental.

(8) It would appear from the Dewan's memorandum, dated 19th December 1891. (herewith enclosed for ready reference and obliging return) that it

it was not originally intended to open Bonded Depôts in the localities where "Wholesale Depôts" existed under the old system, but that it had been proposed to open "Bonded Ware-houses" at Arsikere for the Hassan District, and at Kadur for the Kadur and Shimoga Districts. As the farmers in the Malnad would have had therefore to bear heavy cost of carriage &c from the above "Ware-houses" to their shops, the reduced rate of duty viz Rs 3-14-a per gallon had been apparently fixed. But since Bonded Depôts have been opened almost at the doors of the farmers, I do not foresee any hardship to them by introducing the enhanced rate of duty of Rs 4/- per gallon, which even the farmers in the Bangalore District pay without any difficulty, though they have not the convenience of Bonded Depôts at the places where Wholesale Depôts existed under

the

the old system.

2. The statistics called for will follow.

L Ricketts
Excise Commissioner
in Mysore

Dated Bangalore
29th March 1894

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Camp Yellahunka

GOVERNMENT OF MYSORE

30th March/94

My dear Sir Sheshadri Iyer

Mr. J. P's letter for Chief Secy. was put into my hands just as I was starting for this place - said letter is dated 28th Instt. but probably it missed a days post. I sent the draft Arrack & Toddy Notifications at once to Excise Shr. for accurate translations being prepared in Canarese & they must be in type by the time the Durbar

communicate your decision
regarding the rate of duty
for Arrack.

I am sorry that I did
not moot this question earlier.
The truth is that I have always
a delicacy in calling to see
you about work because you
are generally busy - I can of
course call to see you often
on such points shall be glad
to do so whenever you express
the wish

In Telegraphing regarding

the

duty upon arrack - Kindly direct that the Letter be addressed to me - at Excise Office, Fort Bangalore & I am writing to the Excise Supt. to open said Letter & give immediate effect to the same -

The two Enclosures will explain themselves - The other statistics called for will very shortly follow -

Shortly, the case stands as follows. In the Mulnad there are Bonded depots not only in every Taluk, but also in important village centres such as Yelahanka

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Solabyle, Mundigudda, Koonee, Anantapoor &c

Whereas in several Maidan districts such as Toomkoor, Chittaldroog & Mysore, there are no Bonded depots in several Talooks such as Pavagudda, Honpalli, Sydroor, Heeriooi, Chellakerri, Chamrajnuggur, Goondulpett, Gellundoor &c. The reason being that Bonded depots were only opened in those localities where Wholesale depots existed before under the old system. Therefore in the above Maidan districts, as well as in the Bangalore District, the shopkeepers have to bear, in fact, higher cost

cost of Carriage than in the Malnad. Nevertheless they pay Rs 4-11-0 while the others pay Rs 3-14-0.

Originally the Larger number of Wholesale depots in Malnad, can be traced to greater number of shops. i.e. increased consumption.

Believe me

Yrs very truly

S Rickett

adopt uniform rate
of Rs. 4 per gallon of
arrack, throughout
the State.

Telegraphed accordingly
2/4/94

Rcvd 10/10/95

SECTION 8R

Excise.]

FILE No. 18-95

GOVERNMENT OF MYSORE

REVENUE DEPARTMENT. Gl. No. 2985 Dec. 167 189 5 OCT. 95 DEWAN'S OFFICE.

E.C. SERIAL No. 1

From The Excise Commissioner in Mysore

12/10/95 S.R.V. S.R.V.

8C 1

To Revenue

The Secy. to the Govt. of Mysore,

~~Dept.~~

Dated 5th October 1895.

Despatched 8th — Do

Received

General No. 1524

No. 155

Enclosure No.

In reply to

SUBJE(

Submits for sanction proposals for the revision of the rates of Still-head Duty and retail price of Arrack.

Rec'd. 8-10-95 Revisr. CR

References (to be entered only in the Dewan's Office.)

GC 15

I Submitted with Office Note -

II The Devanns Memo is sent up - The other papers quoted could not be obtained from the Devanns Office records & copies have been obtained from the Ex: Secr: & sent up

4/10/95 S.R.V. S.R.V. J.A.C.

1-1-97.

No: 1524/155

Excise Commissioner's Office
Bangalore 5th/8 October 1895.

From,

The Excise Commissioner
in Mysore,

To,

The Revenue Secretary to the
Government of Mysore,

Sir,

I have the honor to submit for the sanction of Government proposals for the revision of the rates of Still-head Duty and retail price of arrack.

2. On the 1st April 1887, the exclusive privilege of the manufacture and Wholesale vend of arrack was leased to Messrs. C. Lapanmah and Co. for a period of five years from 1st April 1887 to 31st March 1892. On that date the following rates of Duty, Wholesale price and Retail price prevailed throughout the province:—

For Arrack 20° Under Proof.

Localities.	Duty for 1 Gallon inclusive of local cess.			Wholesale price per gallon.			Retail price.								
							Per gallon.			Per Dram.			Per half dram.			Per Quarter dram.		
	Rs.	a.	P.	Rs.	a.	P.	Rs.	a.	P.	Rs.	a.	P.	Rs.	a.	P.	Rs.	a.	P.
Civil & Military Station and Cantonment of Bangalore and Shrypore	3	5	-	4	6	4	5	-	-	-	1	8	-	-	10	-	-	5
Rest of the province	3	5	-	4	8	4	5	-	-	-	1	8	-	-	10	-	-	5

3. In April 1888 it was considered necessary to Strengthen the Executive Excise Staff which was then too small to efficiently Supervise the large number of Wholesale and Retail Shops in the province including the Civil and Military Station of Bangalore. To provide funds for the needful increase to the establishment, it was necessary to make the Contractors pay additional taxes to Government; but it could not be done without raising the rate of the Wholesale price. The Contractors also wanted some relief against the unexpected rise in the price of Jaggory. Consequently the

Wholesale price had to be raised, but it could not be done without enhancing also the Retail rate to give sufficient profit to the Retail Vendor. Accordingly the Retail rate was increased by the following method: —

(1) The capacity of the dram cup used in Retail shops for measuring out arrack to the consumers, was reduced from 1600 minims to 1500 minims.

(2) The imperial gallon which was therefore equal to 48 drams of 1600 minims each, was thus made equal to 51 drams of 1500 minims each.

(3) The Retail rate which was 1 anna and 8 pies per dram of 1600 minims, was retained for the reduced dram of 1500 minims, and thereby an increase of 5 annas per gallon was effected, so that the Retail rate which was Rs: 5/- per gallon of 48 drams, became Rs: 5-5-0. per gallon of 51 drams.

4. The Retail price being thus raised, the Wholesale rate also was increased,

and thereby the Excise Department was enabled to make the Contractors pay additional taxes to Government as per particulars below:—

Items.	Civil & Military Station and Towns of Bangalore and Mysore.			Rest of the province.		
	Rs.	A.	P.	Rs.	A.	P.
Still-head Duty	3	5	-	3	5	-
Establishment cess.	"	1	-	"	3	2
Licence fee.	"	"	-	"	2	-
Municipal Registation fee.	"	4	2	"	"	-
Total tax to Government	3	10	2	3	10	2
Add Contractors profit	1	1	10	1	1	10
Total Wholesale price per gallon	4	12	-	4	12	-
Add Retail vendors profit	-	9	"	"	9	-
Total Retail price per gallon.	5	5	-	5	5	-
Retail price per dram	"	1	8	"	1	8
Do- per $\frac{1}{2}$ dram	"	"	10	"	"	10
Do- per $\frac{1}{4}$ dram.	"	"	5	"	"	5

5. The above changes were sanctioned by the Government of India as an experimental measure for the Civil and Military Stations. Vide Assistant Resident's letter No: $\frac{1038}{2238}$, dated 26th March 1889. to the Dewan). As per Dewan's Memo. of the 3rd April 1889, they were brought into force throughout the province

with effect from 1st June 1889.

6. The Wholesale and System was abolished at the close of the above five years' contract from 1st April 1892, when the present Rent and Separate Shop Systems were introduced, on which the Still-head Duty including all other taxes was raised from Rs. 3-10-2 to Rs. 4/- per gallon of 20° Under Proof, the price of Arrack being fixed at 10½ annas per gallon of 20° Under Proof to be paid to the Manufacturers of Arrack. But the Retail rate has remained unaltered. Since the year 1889 the rates of wages of the Labourers and Artisans having risen considerably the Retail price of Arrack is susceptible of being increased.

7. I beg to submit that it is not a good policy, for obvious reasons, to continue any longer the use of the reduced dram measure of 1/51 of a gallon, instead of the Standard measure of 1/48 of a gallon. It will be seen from

from the Resident's letter No. 2238, dated 19th December 1888, to the Government of India that the Resident was not in favor of reducing the capacity of the dram measure; but as it was impossible to increase the Retail price of a dram of arrack by less than 4 pies, avoiding fractions in the prices of 1/2 and 1/4 drams, and as it was then considered unnecessary to increase the Retail rate to 2 annas per dram or 6 rupees per gallon, the Resident consented to the Retail rate being increased to Rs. 5-5-0 per gallon by reducing the dram measure from 1/48 to 1/51 of a gallon, the existing Retail rate of 1 anna and 8 pies per dram being retained. My time has now arrived when it is expedient not only to raise the Retail rate, but also to restore the Standard dram measure of 1/48 of a gallon. Accordingly I beg to recommend the following Scale of Duty and Retail price for adoption throughout the province, together with the restoration of the Standard dram

measure

measure of $\frac{1}{48}$ of a gallon, with effect from 1st July 1896:—

	Rs. A. P.
Still-head Duty per gallon of 20° U.P.	4—8—0.
Retail price per gallon of 20° U.P.	6—0—0.
Retail price per dram of 20° U.P.	0—2—0.
Do — ½ dram — Do	0—1—0.
Do — ¼ dram — Do	0—0—6.

The present price of arrack payable to the manufacturers being 10½ annas per gallon of 20° Under Proof: the total amount which the Head Farmers and Separate Shop-keepers will have to pay on the introduction of the above Scale, is Rs. 5-2-6 per gallon of 20° Under Proof. Deducting this amount from the Retail price of Rs. 6, the gross profit which will accrue to the Farmers and Separate Shop-keepers is Rs. 0-13-6, i.e. 3 annas more than what is allowed at present. By this arrangement an additional revenue may be expected as per undermentioned details:—

4-8-0
10-6
5-2-6

	Gallons	Duty	Rs. A. P.
Consumption of arrack of 20° U.P. in the Civil and Military Station for 1894-95	99605	× 8 annas	= 49,802-8-0
——— do ——— do	99605	× 2 annas*	= 12,450-10-0
		Total =	62,253-2-0

Note

* 1 anna being left to the Farmers and Separate Shop-keepers out of the additional profit of 3 annas. During

Consumption of arrack of 20° U.P. in the rest of the Province for 1894-95	3,96,723	× 8 annas	= 1,98,361-8-0
——— do ——— do	3,96,723	× 2 annas*	= 49,590-6-0
		Total =	2,47,951-14-0

sales, they might give up the whole 3 annas to Government

8. As the restoration of the Standard dram measure of $\frac{1}{48}$ of a gallon in lieu of the present reduced measure of $\frac{1}{51}$ of a gallon, will give to the consumer an additional quantity of 100 minims of arrack, the increase over the present Retail rate will be only $2\frac{3}{4}$ pies per dram. Considering the present high rates of wages for labor, there is no reason to apprehend that the proposed enhanced rate of 2 annas per dram of 1600 minims or $\frac{1}{48}$ of a gallon, will be prohibitive. But it may tend to keep down the arrack consumption which has been increasing to an abnormal extent.

9. I may add that the Retail rate per gallon of 20° U.P. which prevailed, in 1894-95, in most of the bordering Districts of the Madras Presidency, was Rs: 6, and in some of them more than Rs: 6, and the rate of Duty was Rs: 4-8-0 per gallon of 20° U.P. in the Madras circle, and Nilgiris.

I have the honor to be,
Sir,
Your most obedient Servant
S Ricketts
Excise Commissioner

From

The Assistant to the Resident in Mysore

To

The Dewan of Mysore

Dated Bangalore 26th March 1889

Sir

With reference to correspondence ending with your letter No: 20 dated 5th December 1888, I am directed by the Resident to say that the Government of India sanction as an experimental measure the changes which it is proposed to introduce in the Abkari System of the Civil and Military Station of Bangalore and to request that you will be good as to inform me when you will be able to arrange for giving effect to the revised Scheme.

2. The Collector and Superintendent of Excise Revenue Civil and Military Station, Bangalore has been requested to frame an estimate of the Preventive Establishment required under the new system for the Civil and Military Station.

I have &c...
(Sd) G. Colvin

No. 4295-2238.

From,

The Resident in Mysore.

To,

The Secretary to the Government
of India
Foreign Department.

Dated, Bangalore 19th December
1888

Sir,

The Dewan of Mysore has recently submitted for my approval proposals for introducing certain changes in the abkary System of Mysore and the Civil and Military Station of Bangalore

2. As the objects in view of the Darbar are mainly to provide funds for a considerable increase in their abkari Department, and as the changes may probably for a time affect the abkari Revenue of the Civil and Military Station adversely, I think it my duty to lay the

Dewan's

Dewan's suggestions before the Government of India.

3. It is advisable in the first place to give a short sketch of the present abkari System of Mysore and the Civil and Military Station. On the 1st April 1887, the Darbar, with the approval of the Resident, leased to messrs C. Pappanah and Co. for a period of five years, the exclusive privilege of manufacture and wholesale vend of arrack throughout the territories of Mysore including the Civil and Military Station. The abkari Revenue of both the Mysore State and the assigned Tract is collected by the Darbar on the Excise System (with a guaranteed minimum) by duties and cesses levied on the issues of arrack from the Single Central Distillery at Bangalore. The duty and cesses on all arrack imported into the Civil and Military

military station are paid by the Durbar into the Residents Treasury and from the Abkari Revenue of the assigned tract. The amount of duty with local cess and prices wholesale and retail throughout the whole province, were fixed by the Contract for ordinary issues, 20° U.P. at Rs 3—5—0, 4—6—4 and 5—0—0 respectively duty+local cess wholesale Retail
In addition to the duty and local cess the contractors engaged to pay a cess at 6 pies per gallon on all issues from the distillery for the up keep of the distillery establishment and detective superintendence. It has been further arranged between the Durbar and the Resident that the civil and military station should bear a certain proportion of the cost of the Superintending establishment for Bangalore receiving the establishment cess on liquor imported into the civil & military station to meet this charge.

4. The proposals of the Dewan are briefly to increase the retail prices of arrack throughout the whole of Mysore including the civil and military station and to devote the increase of duty or cess, after allowing a larger margin of profit to the retail vendors and the Contractors to the organization on a more expensive and efficient scale of the Mysore Abkari department. The method by which the Dewan proposes to increase the retail price

of arrack does not meet with my unqualified approval. He contemplates the reduction of the present dram measure by 100 minims a gallon at present contains 48 drams of 1600 minims; it would appear in future 51 drams of 1500 minims each. As the present price of one and six pies per dram would be retained, this change would effect an increase of five annas per gallon in the retail price. The expediency of changing a measure, which has been in use for upwards of 20 years and which forms a convenient fraction of a gallon, appears to me doubtful but it seems impossible to increase the price of a dram by less than four pies, and this would produce an increase of 1 Rupee in the retail price of a gallon, an increase much in excess of the present requirements

5. Considering it necessary to relieve the Contractor in consequence of a rise in the price of Jaggery subsequent to the execution of the Contract, the Durbar proposes to abolish establishment cess of 6 pies per gallon and to concede to the Contractors an additional profit of 6 pies per gallon on all issues from the distillery for the district as well as the Town and civil & military station. The Resident is also asked to the Contractors a reduction

for wastage at the rate of 1 per cent
for issues brought into the Civil &
Military Station. This latter concessio
though not appearing in the Contract
has already been granted by the
Darbar to the Contractors in the
Town Municipality.
6. The retail vendors, both in the
Town and Civil & Military Station
of Bangalore, are at present required
to pay heavy license fees as well
as an extra charge on excess Sales
to their municipalities, and it is
considered that the margin of
profit they now make is an
insufficient inducement to abstain
from dishonest practices. It is therefore
proposed to allow retail vendors
an additional profit of 3 annas
6 pies per gallon.
In the town and Civil & Military
Station, the Darbar propose to double
the present Preventive establishme
and to debit to the revenues of th
assigned Tract the same proportion
of cost as before. The incidence
of this charge, which has hitherto
been estimated at six pies per gallon
will be raised to one anna per
gallon

gallon.
The following table shews clearly the distribution of the 5 annas which it is proposed to add to the present retail price of gallon.

	Duty.	Wholesale.	Retail
Existing ——— Rs	3-5-0	4-6-4	-5-0
Establishment cess	0-0-6		
	3-5-6		
Revised ———	3-5-0		
Establishment cess	0-1-0	4-7-10	5-5-0
	3-6-0		0-5-0

Existing profit to the retail vendor ——— 0-9-8
Proposed do — do. ——— 0-13-2
0-3-6 — 0-3-6

Existing profit to the Contractor ——— 1-0-10 0-1-0
Proposed — do — do ——— 1-1-10
0-1-0

Increase in establishment ——— 0-0-6

In the District

Existing ———	3-5-0	4-8-4	-5-0-0
Establishment cess	0-0-6		
	3-5-6		
Revised ———	3-5-0	4-12-0	5-5-0.
Establishment cess & Balance	0-5-2		
	3-10-2		

7. It will be observed that so far as the Civil & Military Station is concerned the duty remains unaltered, while the whole of the addition to the retail price will be devoted to increasing the preventive establishment

of Bangalore and to provide a
larger margin of profit to the Contractor
and retail vendors. The additional
revenue that the Durbar will
derive from the District Sales will
be available for the increase of
Mysore Abkari department.
8. It is anticipated by the Durbar
that the increase in retail price
will temporarily reduce the total
consumption of arrack, but it is
hoped that the increased efficiency
of the Preventive establishment
will more than counterbalance the
effect of the change in prices.
9. I am of opinion that though
there may be slight falling off
in the Revenue of Civil & Military
Station at first the proposals
are likely to benefit eventually
the Abkari Administration
of the Civil & Military Station.
10. I have therefore to request
the Sanction of the Government
of India to the proposed changes
so far as they affect the Civil
& Military Station, and to ask for
an early reply on the subject.

I have &c.

/Signed/ H. M. D. Prendergast

offg: Resident

Enclosure to GC 1/13

No. 1069—I, dated Fort William,

GOVERNMENT OF MYSORE

the 4th March 1889

From.

H. L. Petre, Esqr. Junior
Under Secretary.
to the Government of India,
Foreign department.

To

The Resident in Mysore.

In reply to your letter No. 4295-2238, dated 19th September 1888, I am directed to state that the Government of India sanction as an experimental measure the changes which it is proposed to introduce in the abkari system of the civil & military Station of Bangalore.

No. 1070—I

A copy of the foregoing correspondence is forwarded to the Department of Finance & Commerce for information.

SECTION—L.R.

FILE No. 18-95 Bangalore

11th November 1895.

SUBJECT No. 2

My dear Sir

In para 9 of my letter in question I have referred to the retail rates of arrack at 20 °U. P. prevailing in most of the bordering Districts of the Madras Presidency only for which I have accurate information published in appendix C of the Madras Abkary Administration Report for 1894-95, a copy whereof I have received from the Board of Revenue, Madras.

In regard to the retail rates of arrack prevailing in the Bombay Presidency

(6)

Presidency, I beg to state that the Abkari Manual of the said Presidency, a copy whereof has been lately received from the Bombay Abkari Commissioner, shows that arrack at 20° U.P. is not sold there, the authorized country spirits consumed there being not stronger than 25° U.P. No retail rates are published in the Manual, as the shop keepers seem to be empowered to fix their own rates according to their convenience. It has been ascertained that in a shop of the Bombay Presidency close to our frontier, 25° U.P. was sold on a certain day at

at 2 annas per dram of 1600 minims. For 20° U.P. the proportionate price at the above rate is $2\frac{2}{15}$ annas per dram of 1600 minims, and 2 annas per dram of 1500 minims

I take this opportunity to request you to favor me with 25 printed copies of the Excise administration Report for 1893-94, to enable me to send a copy to each of the Abkari Commissioners of Madras, Bombay, Central Provinces and North West Provinces and Punjab, who have been kind enough furnish me with copies the Excise Manuals of respective Provinces.

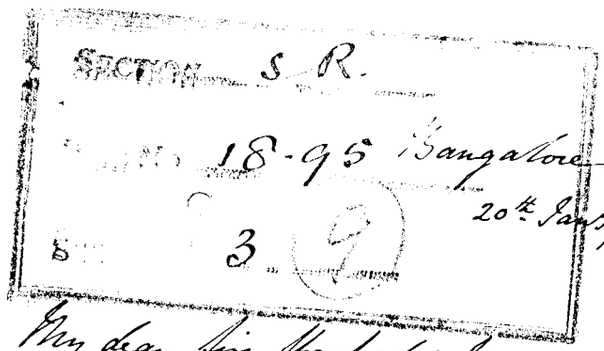
To C. Srinivasiengar Esq.
Revenue Secretary

If the above is not a sufficient reply to your letter please let me know & I will get further information from the Collectors concerned. What is stated about Bombay is founded on information that I obtained when close to Bombay frontier some 2 or 3 years back.

Yrs Sincy

L Ricketts

Pune



My dear Sir Seshadri Iyer

Enclosed is Mr Shaw's reply re enhancement of Still Head duty - As sales have been falling off the reason for enhancement ceases - as it was only recommended to slightly check what appeared to be a growing tendency to increase by strides.

I do not understand Mr Shaws statement that I led Parry & Co to understand that the arrangements I had made to put down illicit distillation would considerably increase sales; for I think it is more

than a year since I have seen Shaw.

Any increase owing to suppression of illicit distillation has more or less been realised already - Only slight increase may be expected hereafter from this source - whilst the detective establishment will have to prevent lapses in the future.

The increase of plant was rendered absolutely necessary by the increased consumption & to put a stop to distillation at night or extra hours yes - And the increased consumption also necessitated enlarging the receiving house for which provision has been made.

Yes I think consumption will go on increasing especially in the Coffee Districts - yet on re-consideration & seeing the very small margin of profit Parry & Co have to work upon I would beg to suggest that rates may remain as they are & that instructions be issued to the Excise to publish the increase notices as soon as possible

Yrs Very truly
S Ricketts

Rev. Secy.,

96

Please note their. on the proposal for Enhanced duty. As Messrs Parry & Co object to the Enhancements, the proposed Std. stand over till End of their Contract.

It is time we thought of the next Contract & published our advertisement – about this after my return.

6/2/96

Ruled B 3 Cancelled for renewal 4

12/2/96 12-2-96

Enclosure to No. 3

PARRY & CO., MADRAS.
London House:
70, Gracechurch Street, E. C.

Madras 10th January 1896

My dear Darcy.

Thanks for yours of 7th inst from which I note that the Mysore Govt proposes to increase the size of the drum because also to enhance the value of Skull Head duty. Our experience is that any increase in price always tends to decrease sales & I fear Mysore will not prove an exception to the rule. Sales have during the last 4 months been falling off a good deal December being very poor. There is not very much encouragement for us as we

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were counting on from 50/55,000
increased consumption according
as we were led to understand
from Ricketts that the arrange-
ments that had been made
to put down illicit distillation
would considerably increase
sales.
Thanking you for your good
wishes which I heartily
reciprocate

Yours sincerely
W. T. Read

W. Winscombe Davy Esqre

SECTION SR.
18-95 (29)
24-1-96
S 4

My dear Mr Sheridan Esq

In case you should care to see them I enclose two statements of Arrack consumption - 1, for the half year just ended & 1, for the four months referred to by Mr Shaw in his letter which I forwarded to you a day or two ago.

In both cases there is increase & no falling off whatever.

Yrs very truly

Thurlett

Statement of Consumption of arrack ie issues of arrack to Vend Farmers and Separate Shop-Keepers for the half year ended 31st December 1895 as compared with the corresponding period of 1894-95.

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Enclosure to 8 L/

Districts	1894-95 July Gls	August Gls	September Gls	October Gls	November Gls	December Gls	Total Gls.	1895-96 July Gls	August Gls	September Gls	October Gls	November Gls	December Gls	Total Gls.	Increase	Decrease	Net Increase	Remarks.
Bangalore city	5,892	5,400	5,455	6,022	5,135	5,268	33,172	6,308	6,036	6,358	5,980	5,855	5,784	36,321	3,149	.	.	When Messrs Parry & Co took up
Rest of the District	6,798	6,051	5,417	6,404	5,843	5,515	36,028	7,186	6,919	5,979	6,581	6,212	5,605	38,582	2,554	.	.	the Contract of manufacturing arra
Total Bangalore District	12,690	11,451	10,872	12,426	10,978	10,783	69,200	13,494	12,955	12,337	12,561	12,067	11,389	74,903	5,703	-	.	in April 1892, the Condition was that
Kolar Gold Fields	4,159	3,908	3,965	4,328	3,904	4,542	24,806	4,474	4,134	4,298	4,487	4,328	4,851	26,572	1,766	-	.	they should ordinarily keep a months
Rest of the District	4,281	3,843	3,504	4,047	3,445	3,951	23,071	4,781	4,069	3,635	3,874	3,574	3,386	23,319	248	-	.	Supply, (ie 35000 gallons at the then rate
Total Kolar District	8,440	7,751	7,469	8,375	7,349	8,493	47,877	9,255	8,203	7,933	8,361	7,902	8,237	49,891	2,014	-	.	of consumption) and never less than 17,50
Tumkur	1,618	1,026	1,143	1,355	1,311	948	7,401	1,590	1,085	1,123	1,413	1,159	1,021	7,391	0	10		gallons, for supply to Vend Farmers & Separ
Mysore Town	2,694	2,217	2,158	3,302	2,225	2,170	14,766	2,746	2,300	2,685	2,525	2,390	2,371	15,017	251	-	.	Shop Keepers upon receipt of the price at the
Rest of the District	2,172	1,511	1,494	1,712	1,651	1,505	10,045	2,107	1,823	1,672	1,868	1,343	1,756	10,569	524	-	.	contract rate of 10½ annas per gallon of 2
Total Mysore District	4,866	3,728	3,652	5,014	3,876	3,675	24,811	4,853	4,123	4,357	4,393	3,733	4,127	25,586	775	-	.	Under Proof. There was no condition that th
Hassan	2,796	2,340	2,104	2,296	2,335	2,136	14,007	2,734	2,814	2,305	2,322	2,455	1,851	14,481	474	-	.	Supply purchased from Messrs Parry & C
Kadur	5,176	4,051	4,844	4,763	4,669	4,525	28,028	5,201	5,587	5,126	5,058	5,170	4,646	30,788	2,760	.	.	should not fall short of any given quan
Shemoga	4,099	3,629	3,691	3,827	3,375	3,397	22,018	3,929	3,687	3,857	3,917	3,222	3,301	21,913	0	105	.	The present rate of consumption in the Prov
Chitaldroog	934	639	678	793	625	527	4,196	948	637	615	678	590	518	3,986	0	210	.	including the civil & military station being nearly
Grand Total	40,619	34,615	34,453	38,849	34,518	34,481	217,538	42,004	39,091	37,653	38,703	36,298	35,090	2,28,939	11,726	325	11,401	44,000 gallons per mensem, there seems to be no reason for apprehension that by raising the Retail price of arrack from Rs. as. P 0 — 1 — 8 per dram (viz 1/51 of a gallon) to 2 annas

per dram (viz 1/48 of a gallon) the consumption will decrease to any appreciable extent. At all events it is not likely to fall below 40000 gallons per mensem. The loss of Revenue by this decrease will be more than counterbalanced by the increased rate of duty from Rs 4 to Rs 4½ per gallon.

23/1/96

Statement of Consumption of arrack i.e. issues of arrack to Vend Farmers and Separate Shop-keepers for four months ended 31st December 1895 as compared with the Corresponding period of 1894-95.

Enclosure to Sl 4

(37)

Districts	1894-95					1895-96					Increase	Decrease	Net Increase	Remarks.
	September	October	November	December	Total	September	October	November	December	Total				
	Gls	Gls	Gls	Gls	Gls	Gls	Gls	Gls	Gls	Gls	Gls	Gls	Gls	
Bangalore City	5455	6022	5135	5268	21,880	6358	5980	5853	5784	23,977	2097	-		When Messrs Parry & Co took up the Contract of manufacturing Arrack in April 1892, the Condition was that they should ordinarily keep a months supply, (i.e. 35000 gallons at the then rate of consumption) and never less than 17500 gallons for supply to Vend Farmers and Separate Shop-keepers upon receipt of the price at the Contract rate of 10½ annas per gallon of 20° U.P. There was no Condition that the supply purchased from Messrs Parry & Co should not fall short of any given quantity. The present rate of Consumption in the Province including the Civil and Military Station being nearly 44000 gallons per month, there seems to be no reason for apprehension that by raising the Retail price of arrack from Rs 1-8 per dram (viz 1/51 of a gallon) to 2 annas per dram (viz 1/48 of a gallon) the Consumption will decrease to any appreciable extent. At all events it is not likely to fall below 40,000 gallons per month. The loss by this decrease will be more than counterbalanced by the increased rate of duty from Rs 4 to Rs 4½ per gallon
Total Bangalore District	10,872	12,426	10,978	10,783	45059	12,337	12,561	12,067	11389	48,354	3295	-		
Kolar Gold Fields	3,965	4,328	3,904	4542	16739	4,298	4487	4328	4851	17964	1225			
Rest of the District	3,504	4,047	3,445	3,951	14,947	3,635	3874	3,574	3,386	14,469	-	478		
Total Kolar District	7469	8375	7,349	8493	31,686	7,933	8361	7902	8237	32,433	-	-		
Tumkur	1,143	1,355	1,011	948	4757	1,123	1,413	1,159	1021	4,716	-	41		
Shimoga Town	2,158	3,302	2,225	2,170	9855	2,685	2525	2,390	2371	9,971	116	-		
Rest of the District	1,494	1,712	1,651	1,505	6,362	1672	1868	1343	1756	6639	277			
Total Shimoga District	3,652	5014	3,876	3675	16,217	4,357	4393	3,733	4127	16,610	393			
Hassan	2,104	2,296	2335	2136	8871	2305	2322	2455	1851	8,933	62			
Kadur	4,844	4763	4,669	4525	18,801	5,126	5058	5170	4,646	20,000	1199			
Shimoga	3691	3827	3375	3397	14,290	3857	3917	3222	3301	14297	7			
Chitaldroog	678	793	625	527	2,623	615	678	590	518	2401	-	222		
Grand Total	34,453	38,849	34,518	34,484	142,304	37653	38,703	36298	35090	147,744	6181	741	5,440	

L. de 23/11/95

To Internal Revenue 82 Worths
Supervisor 15a 7-96
Dist. Chas Rec'd
Rec'd July 1896
SERIAL, No. 5
Gentlemen

I enclose herein
Statement showing
the results of the sales.

Our new fiscal year
commences to day
May I remind you that
the Arrack manufacturing

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notice should appear early. I believe it was understood that there should be a year's notice

Yours very truly

M Russell

Khan Bahadur
Abdul Rahman Sahib
Ismailia

To

SECTION SR.

FILE NO. Resident in Mysore 18-95

SERIAL NO. 6

Sir,

I have the honor to inform you that the expiring Contract with Messrs. Parry & Co. for the manufacture of Arrack required for Consumption within the State of Bangalore will expire on 31st March 1897, and that as the business is a large one requiring a Considerable amount of Capital and much previous preparation, it is desirable to give ample notice to intending tenderers for the next contract. The Durbar accordingly propose to publish tenders for the manufacture at as early a date as possible the usual advertisement inviting tenders for the manufacture during the 5 years from 1st April 1897 to 31st March 1902. The Advertisement will be in the main the same as that generally in the form of the one issued on 23d Dec. 1891 and will be widely published in all parts of India. I have the honor to enquire whether you

I have the honor forward herewith twelve copies of my Memorandum on the proposed enhancement of Still Head duty as well as of the retail price of that article and to request the favor of being informed as early as convenient whether the rates would be acceptable in so far as the C&S Station is concerned. The matter of increasing the rates of Still Head duty has been

the most careful attention of the Durbar for some time past and I am to state that the conclusion now arrived seems to be the only one which can be considered feasible. I beg to express a hope that the proposal now submitted for your consideration will be favourably received and that its acceptance in respect of the Civil and Military Station will be communicated to the Durbar in time to enable them to insert the new rates in the Notification inviting tenders for the next manufacture contract which has to be issued as early as practicable.

I am &c

most desirable on financial & other Considerations. - A retail price of Rs. 6. 6. 0 per Gallon 20° U P is ~~high~~ not so high as to be felt as a hardship by Consumers or to lead to illicit distillation or importation. There is no reason whatever to believe that the adoption of this price will have any effect in lowering the Consumption within the C & M Station; - The anticipated increase of Rev for the C & M Station is over 1 lac of Rupees, and I beg to express the hope that you will be able to Concur in the proposed Enhancement of Duty & Retail price -

Yours &c

19/8/96.

OFFICE OF THE DEWAN OF MYSORE,
Dated, Bangalore, August 1896.

From

THE DEWAN OF MYSORE.

To

THE RESIDENT IN MYSORE.

SIR,

I have the honor to inform you that the existing contract with Messrs. Parry & Co. for the manufacture of arrack required for consumption within the State, including the Civil and Military Station of Bangalore, will expire on 30th June 1897, and that as the business is a large one requiring a considerable amount of capital and much previous preparation on the part of the manufacturer, it is desirable to give ample notice to intending tenderers for the next contract. The Darbar accordingly propose to publish at as early a date as possible the usual advertisement inviting tenders for the manufacture during the five years from 1st July 1897 to 30th June 1902. The advertisement will in the main be in the form of the one dated 23rd December 1891, and will be widely published in all parts of India. I accordingly beg to enquire whether the Civil and Military Station supply is to be included in the Darbar's new contract as has been the custom heretofore. A copy of the proposed advertisement will be submitted to you within the next week. In the meantime I beg to forward twelve copies of my Memorandum which explains the only change which the Darbar propose to introduce, by way of an enhancement of both duty and retail price. This matter has been most carefully considered from all points of view, and the Darbar firmly believe that the proposed increase is most desirable on financial and other considerations. A retail price of Rs. 6-6-0 per gallon 20° U. P. is not so high as to be felt as a hardship by consumers or to lead to illicit distillation or importation. There is no reason whatever to believe that the adoption of this price will have any effect in lowering the consumption within the Civil and Military Station.

The anticipated increase of Revenue for the Civil and Military Station is over one lakh of rupees, and I beg to express the hope that you will be able to concur in the proposed enhancement of duty and retail price.

I have the honor to be,
Sir,
Your most obedient servant,

K. SHESHADRI IYER,
Dewan of Mysore.

MEMORANDUM.

In Mysore, the retail price per dram of 1,500 minims of arrack 20° under-proof was fixed at Re. 0-1-8 with effect from 1st June 1889. The same rate was adopted for the Civil and Military Station with effect from the same date with the sanction of the Government of India, communicated to the Darbar in the Assistant Resident's letter No. 1038-2258, dated 26th March 1889. This rate remains unaltered up to date, though wages have considerably risen within the past seven years. The consumption has gone on steadily increasing notwithstanding the increase of the retail price from Rs. 5 to Rs. 5-5-0 per gallon, ordered in 1889. The quantities of consumption in 1889–90 and 1895–96 are compared below:—

Tracts.	Quantity consumed in gallons.		Increase.
	1889–90	1895–96	
Civil and Military Station ...	92,867	106,283	13,416
Bangalore City	48,703	72,029	23,326
Rest of the Province	249,523	371,082	121,559

2. It is advisable in all interests to take advantage of the expiry on 30th June 1897 of the present manufacture contract with Messrs. Parry & Co., to introduce a still further increase of the retail price. It is accordingly proposed to raise it from Re. 0-1-8 to Re. 0-2-0 per dram of 1,500 minims, or from Rs. 5-5-0 to Rs. 6-6-0 per gallon. No intermediate rate is feasible as we have to avoid the fraction of a pie in the price of $\frac{3}{4}$, $\frac{1}{2}$ and $\frac{1}{4}$ drams; nor is such an intermediate rate necessary, as with the prevailing rates of wages at the chief centres of consumption, a price of 2 annas per dram is by no means too large for the consuming public.

3. With the increase of the retail price, the still-head duty has also to be raised. The present duty is 4 rupees a gallon. The vend farmer or shop renter pays this in addition to annas 10½, being the price of the manufactured article. Against the total of Rs. 4-10-6 which he thus pays, he realizes Rs. 5-5-0 by sale of 51 drams at Re. 0-1-8 per dram. His margin of profit is thus Re. 0-10-6, from which he pays to the Government in the shape of shop rental and to the Municipality for Registration and on excess sales as shown below:—

Tracts.	Quantity consumed during 1895–96.	Rental for 1895–96.	Incidence of rental per gallon.	Payment to Municipality for Registration and on excess sales per gallon.	Net profit to renter per gallon.
	Gallons.	Rs.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Civil and Military Station	106,283	31,805	0 4 9	0 4 2	0 1 7
Bangalore City ..	72,029	19,425	0 4 4	0 4 2	0 2 0
Rest of the Province ...	371,0 2	1,95,900	0 8 5	...	0 2 1

539314

4. By selling each dram at 2 annas hereafter the renter will realize Rs. 6-6-0 on every gallon of arrack. By raising the duty to Rs. 4-12-0, and by assuming the price to be 11 annas during the next manufacture contract, the margin of profit to the vendor will be Rs. 6-6-0 — (Rs. 4-12 + 11 annas), or 15 annas per gallon against 10½ annas now. Out of this increased profit of

15 annas per gallon, a portion will go as Government rent and Municipal dues, leaving the remainder as net profit for the renter, as calculated below :—

Tracts.	Present (1895-96.)					Future.					Probable increase of revenue under rental.
	Quantity consumed.	Rental.	Incidence of rental per gallon.	Payment to Municipality for Registration and on excess sales per gallon.	Net profit to renter per gallon.	Quantity (same as for 1895-96.)	Estimated rental.	Estimated incidence of rental per gallon.	Payment to Municipality for Registration and on excess sales per gallon.	Net profit to renter per gallon (same as for 1895-96.)	
	Gallons.	Rs.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Gallons.	Rs.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs.
Civil & Military Station...	106,283	31,805	0 4 9	0 4 2	0 1 7	106,283	61,444	0 9 3	0 4 2	0 1 7	29,639
Bangalore City ...	72,029	19,425	0 4 4	0 4 2	0 2 0	72,029	39,766	0 8 10	0 4 2	0 2 0	20,341
Rest of the Province ...	371,082	1,95,900	0 8 5	...	0 2 1	371,082	2,99,572	0 12 11	...	0 2 1	1,03,672

Thus from shop rental we may expect to get an increase of about Rs. 29,000 for the Civil and Military Station, Rs. 20,000 for Bangalore City, and about a lac for the rest of the Province, assuming always that the renter is satisfied with his present rate of net profit—an assumption borne out by past experience, which shows that he does not ordinarily expect a large net profit; at any rate competition will keep his net profit at a low level.

5. In the above estimate, 11 annas per gallon is assumed as the cost of manufacture, but the rate can of course be settled only by the next contract from 1st July 1897, for which arrangements have to be made as quickly as possible. The present price of 10½ annas is very reasonable, and there is no good reason to apprehend any material variation.*

6. The customs duty under the Indian Tariff Act VIII of 1894 is Rs. 6 per gallon of imported spirit of the strength of London proof. This gives nearly Rs. 4-13-0 per gallon of spirit 20° under-proof. The present proposal is to charge about an anna less. For convenience of reference the present and the proposed rates are compared below :—

	Particulars.	Present.	Proposed.	
		Rs. a. p.	Rs. a. p.	
Duty	Per gallon proof	5 0 0	5 15 0	
	Per gallon 20° under proof	4 0 0	4 12 0	
Per gallon 20° under-proof.	Cost of manufacture	0 10 6	0 11 0	Estimated.
	Retail price per gallon	5 5 0	6 6 0	
	Incidence of rent and Municipal dues—			
	Civil and Military Station	0 8 11	0 13 5	Estimated.
	Bangalore City	0 8 6	0 13 0	
	Rest of the Province	0 8 5	0 12 11	
	Net profit to the renter—			
	Civil and Military Station ...	0 1 7	0 1 7	
	Bangalore City	0 2 0	0 2 0	
	Rest of the Province	0 2 1	0 2 1	

Thus the retail price of Rs. 6-6 will be equal to—

Duty	Rs.	4 12 0
Cost of manufacture	,,	0 11 0
Renters' profit including rent and Municipal dues	,,	0 15 0
		6 6 0

7. The increase of the retail price by 4 pies per dram is not likely to be felt by consumers in such large places as the Bangalore City and Civil and Military Station and in the Kolar Gold Fields or in the Coffee Taluks. The increase may possibly affect the consumption elsewhere to a small extent. This in itself is not an undesirable result and any decrease of revenue due to this cause in the outlying Districts will be trifling compared with the increased revenue from the entire system. It may however be remarked that even should the consumption go down by so much as twenty per cent—a most improbable event—such falling off will not affect our present revenue.

* Since writing the above I have very good reason for believing that the rate for the next Contract may be appreciably lower than 10½ annas.—K. S.

8. Roughly speaking, the financial result of the change will be as follows—

Tracts.	Present.				Proposed (Estimated Revenue).						
	Quantity of arrack consumed in 1895-96.	Duty recovered at Rs. 4 per gallon 20° U. P.	Rental.	Total Revenue.	Quantity of arrack (same as for 1895-96).	Duty recoverable at the proposed rate of Rs. 4-12 per gallon.	Estimated rental.	Total Revenue.	Increase.		
	Gallons.	Rs.	Rs.	Rs.	Gallons.	Rs.	Rs.	Rs.	Rs.		
Civil & Military Station ...	106,283	4,25,240	31,805	4,57,045	106,283	5,04,673	61,444	5,66,417	1,09,372		
Bangalore City ..	72,029	2,88,116	19,425	3,07,541	72,029	3,42,138	39,766	3,81,904	74,363		
Rest of the Province ...	371,082	14,94,650	1,95,900	16,90,550	371,082	17,74,897	2,99,572	20,74,469	3,83,919		

9. Tenders for the next contract have to be invited at an early date. Before doing so, the question of raising the rates has to be finally settled in communication with the Resident as regards the Civil and Military Station.

BANGALORE,
20th August 1896.

K. SHESHADRI IYER,
Dewan of Mysore.

MEMORANDUM.

In Mysore, the retail price per dram of 1,500 minims of arrack 20° under-proof was fixed at Re. 0-1-8 with effect from 1st June 1889. The same rate was adopted for the Civil and Military Station with effect from the same date with the sanction of the Government of India, communicated to the Darbar in the Assistant Resident's letter No. 1038-2238, dated 26th March 1889. This rate remains unaltered up to date, though wages have considerably risen within the past seven years. The consumption has gone on steadily increasing notwithstanding the increase of the retail price from Rs. 5 to Rs. 5-5-0 per gallon, ordered in 1889. The quantities of consumption in 1889–90 and 1895–96 are compared below:—

Tracts.	Quantity consumed in gallons.		Increase.
	1889–90	1895–96	
Civil and Military Station ...	92,867	106,283	13,416
Bangalore City	48,703	73,991	25,288
Rest of the Province	249,523	369,120	119,597

2. It is advisable in all interests to take advantage of the expiry on 30th June 1897 of the present manufacture contract with Messrs. Parry & Co., to introduce a still further increase of the retail price. It is accordingly proposed to raise it from Re. 0-1-8 to Re. 0-2-0 per dram of 1,500 minims, or from Rs. 5-5-0 to Rs. 6-6-0 per gallon. No intermediate rate is feasible as we have to avoid the fraction of a pie in the price of $\frac{3}{4}$, $\frac{1}{2}$ and $\frac{1}{4}$ drams; nor is such an intermediate rate necessary, as with the prevailing rates of wages at the chief centres of consumption, a price of 2 annas per dram is by no means too large for the consuming public.

3. With the increase of the retail price, the still-head duty has also to be raised. The present duty is 4 rupees a gallon. The vend farmer or shop renter pays this in addition to annas $10\frac{1}{2}$, being the price of the manufactured article. Against the total of Rs. 4-10-6 which he thus pays, he realizes Rs. 5-5-0 by sale of 51 drams at Re. 0-1-8 per dram. His margin of profit is thus Re. 0-10-6, ~~of which a further revenue is realized by~~ Government in the shape of shop rental, as shown below:— from which he pays to the

Tracts.	Quantity consumed during 1895–96.	Rental for 1895–96.	Incidence of rental per gallon.	Payment to municipality for registration on excess sales per gallon	Net profit to renter per gallon
	Gallons.	Rs.	Rs. a. p.	Rs a p	Rs a p
Civil and Military Station	106,283	31,805	0 4 9	" – 4 – 2	" 1 – 7
Bangalore City ...	73,991	19,425	0 4 2	" – 4 – 2	" 2 – 2
Rest of the Province ...	369,120	195,900	0 8 6	" – " – "	" 2 – "

4. By selling each dram at 2 annas hereafter the renter will realize Rs. 6-6-0 on every gallon of arrack. By raising the duty to Rs. 4-12-0, and by assuming the price to be 11 annas during the next manufacture contract, the margin of profit to the vendor will be Rs. 6-6-0 — (Rs. 4-12 + 11 annas), or 15 annas per gallon against $10\frac{1}{2}$ annas now. Out of this increased profit of

15 annas per gallon, a portion will come back to Government as shop rental. This is calculated below :—

Tracts.	Present (1895-96.) Quantity consumed.	Rental.	Incidence of rental per gallon	Margin of net profit per gallon to renter per gallon	Future. Quantity (same as for 1895-96.)	Estimated rental.	Estimated incidence of rental per gallon.	Margin of net profit per gallon (same as for 1895-96.)	Probable increase of revenue under rental.
	Gallons.	Rs.	Rs. a. p.	Rs. a. p.	Gallons.	Rs.	Rs. a. p.	Rs. a. p.	Rs.
Civil and Military Station ...	106,283	31,805	0 4 9	0 1-7 5-9	106,283	61,444	0 9 3	0 1-7 5-9	29,639
Bangalore City	73,991	19,425	0 4 2	0 2-2 6-4	73,991	40,078	0 8 8	0 2-2 6-4	20,653
Rest of the Province ...	369,120	1,95,900	0 8 6	0 2 0	369,120	2,99,910	0 13 0	0 2 0	1,04,010

payment to municipality for registration on excess sales per gallon

Rs - as - ps
a - 4 - 2
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" " "

Thus from shop rental we may expect to get an increase of about Rs. 29,000 for the Civil and Military Station, Rs. 20,000 for Bangalore City, and about a lac for the rest of the Province, assuming always that the renter is satisfied with his present ~~margin~~ rate of net profit—an assumption borne out by past experience, which shows that he does not ordinarily expect a large net profit; at any rate competition will keep his net profit at a low level.

5. In the above estimate, 11 annas per gallon is assumed as the cost of manufacture, but the rate can of course be settled only by the next contract from 1st July 1897, for which arrangements have to be made as quickly as possible. The present price of 10½ annas is very reasonable, and there is no good reason to apprehend any material variation.

6. The customs duty under the Indian Tariff Act VIII of 1894 is Rs. 6 per gallon of imported spirit of the strength of London proof. This gives nearly Rs. 4-13-0 per gallon of spirit 20° under-proof. The present proposal is to charge about an anna less. For convenience of reference the present and the proposed rates are compared below :—

Particulars.		Present.	Proposed.	
		Rs. a. p.	Rs. a. p.	
Duty ...	Per gallon proof	5 0 0	5 15 0	✓
	Per gallon 20° under proof	4 0 0	4 12 0	✓
Per gallon 20° under-proof.	Cost of manufacture	0 10 6	0 11 0	✓
	Retail price per gallon	5 5 0	6 6 0	✓ Estimated.
	Incidence of rental—			
	Civil and Military Station	0 4 9	0 9 3	
	Bangalore City	0 4 2	0 8 8	Estimated.
	Rest of the Province	0 8 6	0 13 0	
	~~Margin of~~ net profit to the renter—			
	Civil and Military Station ...	0 1-7 5-9	0 1-7 5-9	✓
	Bangalore City	0 2-2 6-4	0 2-2 6-4	✓
	Rest of the Province	0 2 0	0 2 0	✓

Thus the retail price of Rs. 6-6 will be equal to—

Duty	...	Rs. 4 12 0
Cost of manufacture ...	...	,, 0 11 0
Rental and ~~margin of net~~ profit	...	,, 0 15 0
		6 6 0

renter's

7. The increase of the retail price by 4 pies per dram is not likely to be felt by consumers in such large places as the Bangalore City and Civil and Military Station and in the Kolar Gold Fields or in the Coffee Taluks. The increase may possibly affect the consumption elsewhere to a small extent. This in itself is not an undesirable result and any decrease of revenue due to this cause in the outlying Districts will be trifling compared with the increased revenue from the entire system. It may however be remarked that even should the consumption go down by so much as twenty per cent—a ~~by no means~~ probable event —such falling off will not affect our present revenue.

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8. Roughly speaking, the financial result of the change will be as follows—

Tracts.	Present.				Proposed (Estimated Revenue).					
	Quantity of arrack consumed in 1895-96.	Duty recovered at Rs. 4 per gallon 20° U. P.	Rental.	Total Revenue.	Quantity of arrack (same as for 1895-96).	Duty recoverable at the proposed rate of Rs. 4-12 per gallon.	Estimated rental.	Total Revenue.	Increase.	
	Gallons.	Rs.	Rs.	Rs.	Gallons.	Rs.	Rs.	Rs.	Rs.	
Civil & Military Station ...	106,283	4,25,240	31,805	4,57,045	106,283	5,04,973	61,444	5,66,417	1,09,372	
Bangalore City ...	73,991	2,95,964	19,425	3,15,389	73,991	3,51,457	40,078	3,91,535	76,146	
Rest of the Province ...	369,120	14,86,802	1,95,900	16,82,702	369,120	17,65,577	2,99,910	20,65,487	3,82,785	

9. Tenders for the next contract have to be invited at an early date. Before doing so, the question of raising the rates has to be finally settled in communication with the Resident as regards the Civil and Military Station.

K. SHESHADRI IYER,
Dewan of Mysore.